

AMENDED IN SENATE MAY 3, 2000
AMENDED IN SENATE APRIL 24, 2000

SENATE BILL

No. 1712

Introduced by Senator Polanco

February 23, 2000

An act to ~~amend Section 871 of, to add Section 883 to, and to repeal and add Section 871.5 of, add Sections 871.7 and 883~~ to the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1712, as amended, Polanco. Universal telephone service.

The Moore Universal Telephone Service Act requires the Public Utilities Commission to establish a class of lifeline service necessary to meet minimum residential communications needs and establish rates and charges for that service.

This bill would require the commission, on or before February 1, 2001, to initiate an investigation to examine the current and future definitions of universal service, seeking input from a wide cross section of providers, users, and state agencies, and reporting findings and recommendations to the Legislature. The bill would make related legislative findings and declarations.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

~~SECTION 1. Section 871 of the Public Utilities Code is amended to read:~~

~~871. This article shall be known and may be cited as the Polanco-Moore Universal Telephone Service Act of 2000.~~

~~SEC. 2. Section 871.5 of the Public Utilities Code is repealed.~~

~~SEC. 3. Section 871.5~~

~~SECTION 1. Section 871.7 is added to the Public Utilities Code, to read:~~

~~871.5.—~~

~~871.7. The Legislature finds and declares all of the following:~~

~~(a) The Moore Universal Telephone Service Act, enacted in 1987, was intended to offer high quality basic telephone service at affordable rates to the greatest number of California residents, and has become an important means of achieving universal service by making residential service affordable to low-income citizens through the creation of a lifeline class of service.~~

~~(b) Factors such as competition and new research technological innovation are resulting in the convergence of a variety of telecommunications technologies offering an expanded range of telecommunications services to users that incorporate voice, video, and data. These technologies have differing regulatory regimes and jurisdictions.~~

~~(c) It is the intent of the Legislature that the commission redefine universal telephone service by incorporating, to the extent feasible, two-way send and receive voice, video, and data as components of basic service. This incorporation will guarantee equity of access to high-speed networks that will do all of the following: commission initiate a proceeding investigating the feasibility of redefining universal telephone service by incorporating two-way voice, video, and data service as components of basic service. It is the Legislature's further intent that, to the extent that the incorporation is feasible,~~

1 *that it promote equity of access to high-speed*
2 *communications networks, the Internet, and other*
3 *services to the extent that those services provide social*
4 *benefits that include all of the following:*

5 (1) ~~Improve~~ *Improving* the quality of life among the
6 residents of California.

7 (2) ~~Expand~~ *Expanding* access to public and private
8 resources for education, training, and commerce.

9 (3) ~~Increase~~ *Increasing* access to public resources
10 enhancing public health and safety.

11 (4) ~~Assist~~ *Assisting* in bridging the “digital divide”
12 through expanded access to new technologies by
13 low-income, disabled, or otherwise disadvantaged
14 Californians.

15 (5) ~~Shift~~ *Shifting* traffic patterns by enabling
16 telecommuting, thereby helping to improve air quality in
17 all areas of the state and mitigating the need for highway
18 expansion.

19 (d) *For purposes of this section, the term “feasibility”*
20 *means consistency with all of the following:*

21 (1) *Technological and competitive neutrality.*

22 (2) *Equitable distribution of the funding for redefined*
23 *universal telephone service as described in subdivision*
24 *(c), among all affected consumers and industries.*

25 (3) *Benefits that justify the costs.*

26 ~~SEC. 4.—~~

27 *SEC. 2.* Section 883 is added to the Public Utilities
28 Code, to read:

29 883. (a) The commission shall, on or before February
30 1, 2001, issue an order initiating an investigation and
31 opening a proceeding to examine the current and future
32 definitions of universal service. That proceeding shall
33 include public hearings that encourage participation by
34 a broad and diverse range of interests from all areas of the
35 state, including, but not limited to, all of the following:

36 (1) Consumer groups.

37 (2) Communication service providers, including all
38 providers of high-speed access services.

39 (3) Facilities-based telephone providers.

- 1 (4) Information service providers and Internet access
2 providers.
- 3 (5) Rural and urban users.
- 4 (6) Public interest groups.
- 5 (7) Representatives of small and large businesses and
6 industry.
- 7 (8) Local agencies.
- 8 (9) State agencies, including, but not limited to, all of
9 the following:
- 10 (A) The Trade and Commerce Agency.
- 11 (B) The Business, Transportation and Housing
12 Agency.
- 13 (C) The State and Consumer Services Agency.
- 14 (D) The Department of Information Technology.
- 15 (E) The State Department of Education.
- 16 (F) The State Department of Health Services.
- 17 (G) The California State Library.
- 18 (10) Colleges and universities.
- 19 (b) The objectives of the proceeding set forth in
20 subdivision (a) shall include all of the following:
- 21 (1) To ~~redefine~~ *investigate the feasibility of redefining*
22 *universal service in light of current trends toward*
23 *accelerated convergence of voice, video, and data, with*
24 *an emphasis on the role of basic telecommunications and*
25 *Internet service in the workplace, in the availability of*
26 *education and education and workforce training, access*
27 *to health care, and increased public safety.*
- 28 (2) To evaluate the extent to which technological
29 ~~changes are reducing the relevance of prior~~
30 ~~segmentation across these technologies.~~ *changes justify a*
31 *homogenization of regulations and regulatory*
32 *jurisdictions.*
- 33 (3) To receive broad-based input from a cross section
34 of interested parties and make recommendations on ~~how~~
35 ~~whether video and data providers can, data, and Internet~~
36 ~~service providers should~~ be incorporated into an
37 enhanced Universal Lifeline Service program, as
38 specified, including relevant policy recommendations
39 ~~regarding fees and surcharges.~~ *regarding regulatory and*
40 *statutory changes and funding options.*

(4) To reevaluate prior definitions of basic service in a manner that will, *to the extent feasible*, effectively incorporate the latest technologies to provide all California residents with all of the following:

(A) Improved quality of life.

(B) Expanded access to public and private resources for education, training, and commerce.

(C) Increased access to public resources enhancing public health and safety.

(D) Assistance in bridging the “digital divide” through expanded access to new technologies by low income, disabled, or otherwise disadvantaged Californians.

(5) To assess projected costs of providing enhanced universal lifeline service in accordance with the intent of this article, and to delineate the subsidy support needed to maintain the redefined scope of universal service in a competitive market.

(6) To design and recommend an equitable and broad-based subsidy support mechanism for universal ~~communication service in freely competitive markets.~~ *service in competitive markets in a manner that conforms with subdivision (c) of Section 871.7.*

(7) To develop a process to periodically review and revise the definition of universal ~~communication~~ service to reflect new technologies and markets *consistent with subdivision (c) of Section 871.7.*

(8) *To consider whether similar regulatory treatment for the provision of similar services is appropriate and feasible.*

(c) In conducting its investigation, the commission ~~shall take into account the role played by a number of diverse but convergent industries, in addition to telephone service providers regulated by the commission. For example, in contrast to telephone utilities, manufacturers and service providers from other industries are either unregulated or regulated at the local or federal level.~~ *shall consider that many of the providers of voice, video, and data services are not economically*

1 *regulated by the commission or any other governmental*
2 *entity.*

3 (d) The commission shall complete its investigation
4 and report to the Legislature its findings and
5 recommendations on or before January 1, 2002.—The
6 ~~recommendations of the commission shall be consistent~~
7 ~~with state policies for telecommunications as set forth in~~
8 ~~Section 709, and with all of the following principles:~~

9 (1) ~~Essential universal service shall be provided at~~
10 ~~affordable prices to all Californians regardless of~~
11 ~~linguistic, cultural, ethnic, physical, financial, and~~
12 ~~geographic considerations.~~

13 (2) ~~In order to effectively bridge the digital divide~~
14 ~~between the information rich and information poor,~~
15 ~~there must be an ongoing evaluation by the commission~~
16 ~~of those services that shall appropriately be deemed~~
17 ~~essential, and therefore, a part of universal service.~~

18 (3) ~~Public policy shall be to provide incentives, as~~
19 ~~needed, to promote deployment of advanced~~
20 ~~telecommunications technology to all customer~~
21 ~~segments.~~

22 (4) ~~Consumers shall be provided access to all~~
23 ~~information needed to allow timely and informed choices~~
24 ~~about telecommunications products and services and~~
25 ~~how to best use them.~~

26 (5) ~~Education, health care, community, and~~
27 ~~government institutions shall be positioned as early~~
28 ~~recipients of the new and emerging technologies so as to~~
29 ~~maximize the economic and social benefit of these~~
30 ~~services.~~

31 (6) ~~All parties involved in providing services utilizing~~
32 ~~evolving telecommunications networks shall adhere to~~
33 ~~the same guidelines regarding mutual interconnectivity,~~
34 ~~interoperability, common carriage, reliability, privacy,~~
35 ~~and security.~~